



ICPAR
Unlimited possibilities

CERTIFIED PUBLIC ACCOUNTANT
FOUNDATION LEVEL 1 EXAMINATIONS
F1.4: BUSINESS MANAGEMENT, ETHICS AND
ENTREPRENEURSHIP

DATE: MONDAY, 25 JULY 2022

INSTRUCTIONS:

- 1. Time Allowed: 3 hours 15 minutes** (15 minutes reading and 3 hours writing).
- This examination has **seven** questions and only **FIVE** questions **should be attempted**.
- Marks allocated to each question are shown at the end of the question.
- The question paper should not be taken out of the examination room.

QUESTION ONE

Many farmers cooperatives in Rwanda face huge challenges including mismanagement and other governance issues like fraud and misuse of properties as well as lack of sustainable markets and capacity to operate efficiently. In addition, some of the members side-sell produce, affecting the performance and cash flow of the cooperatives in the country. With a membership of over three million people, Rwanda's cooperative movement is a strong vehicle for development and economic empowerment especially among the disadvantaged groups like women, youth and Persons With Disabilities (PWDs). However, many cooperatives struggle to stay operational given the above challenges. According to Doctor Augustin Katarwa, the chairperson of the National Cooperative Confederation Rwanda (NCCR), these challenges require urgent interventions to ensure that cooperatives are run professionally. In addition, those who head cooperatives should be honest, and promote good governance and accountability practices that ensure transparency and good management.

According to Gian Nicola Francesconi, a senior technical advisor at Cooperative Agribusiness Development, the common challenge faced by cooperatives is that farmers sell off the produce to middlemen at low prices whenever they need money in cases of emergency. He noted that cooperatives play an essential role, provide farmers with extension services and inputs, but only a few can mobilize and sustain a collective market, among others. Many cooperatives "remain largely dependent on donors and government because they are still not strong when it comes to doing business".

According to Karamuzi Denis, the program manager at Land O'Lake, cooperatives are important to increase productivity of land with many benefits such as distribution of inputs, extension service delivery, subsidy management, financial services access, infrastructure utilization (irrigation, mechanization) and post-harvest management. Cooperatives are key pillar for delivering training and access to inputs to many farmers.

Over 72% of the Rwandan population are employed in the agriculture sector, which also contributes 33 per cent of the total national GDP.

Cooperative leaders speak out

Nkurikiyimfura Jean Damascene, an advisor at a cooperative of tea growers in Nyamagabe District, he said that cooperative leaders should be trained in management principles and other skills to improve their capacity to steer the cooperatives toward their success.

Sinzayigaya Lambert, the head of Rungu Zirakamwa Cooperative (RUZICO) which runs milk collection centers in Ruhango District, he said that leaders should mobilize and sensitize members about the benefits of collective marketing and the power of working through cooperatives. He also reiterated on the importance of the lateral exchange of information among employees at the same level within an organization, or between different departments of an organization.

Kanyarwanda Ernest, the member of Bee Cooperative of Gicumbi District confirms that many cooperatives do not have strong and well-structured levels of cooperative administration which leads to all mismanagement of bee cooperatives.

Required:

Suppose you are hired to organize cooperatives in a way empowered lower-level managers and employees are responsible for the cooperative's competitiveness and top management support personnel development and ensure employability.

(a) Explain to the cooperative managers the levels of cooperative management and management skills associated with these levels. (12 Marks)

(b) Explain to the cooperative managers any 8 different challenges faced by contemporary business environment. (8 Marks)

(Total: 20 Marks)

QUESTION TWO

Rwakazina Chantal, an expert in charge of Capacity Building at the Rwanda Association of Local Government Authorities (RALGA), said that poor human resources management has been identified as one of the key issues affecting the smooth running of activities in the districts. She made the remarks at the closing of a two-day induction training organized for Directors of Administration and Human Resources, drawn from across the country. The training was meant to enlighten participants on their roles and responsibilities under a new organizational structure in the districts. The training addressed key issues resulting from poor management such as low employee morale and low productivity, high employee turnover, poor evaluation processes of employees, poor placement and deployment among other things.

Rwakazina confirms again that they have faced a big challenge of high turnover of district staff in the past. They expect, through that collaboration, that local governments will retain staff so that districts have an institutional memory. On the high turnover of staff in districts, Rwakazina said that there is no single identifiable reason for this undesirable trend. "At the beginning we thought it was an issue of low salaries, but later realized that it is more complex than this. For example, we are now discovering that there is a lot of workloads on workers at district level. We hope that these new directors will help us get to the root cause of the problem."

Rwabugande Benon, the Director of Administration and Human Resources in Musanze District, said that the training had enabled participants to exchange experiences and learn from one another. "Our duties and responsibilities have been well elaborated during this training; we have realized that as human resource managers, we have a duty to manage district employees well if they are to deliver on their various responsibilities," he said.

Required:

(a) Rwabugande said that as human resource managers, they have a duty to manage district employees well if they are to deliver on their various responsibilities. **Thus, Explain the specific objectives and functions of human resource management within an organization.**

(10 Marks)

(b) **Discuss challenges faced by Human Resource Department in public sector environment.**

(10 Marks)

(Total: 20 Marks)

QUESTION THREE

Globally, job searching after finishing studies is still an issue, and so the youth call for flexible channels through which they can join the employment field.

During a recently concluded Kigali's annual job fair organized by the City of Kigali, through Kigali Employment Service Centre (KESC), in partnership with Private Sector Federation and other partners, among the many issues raised by the students, was the burden of getting a job after school, and the requirements for everyone to get employed. It was comprehensively discussed and the same solution was yet again the order of the day-study and create jobs for others and be at the peak of decision-making.

Honestly, I have trouble understanding the '**study and create jobs**' notion because I ask myself "how" and there is still no clear, practical and well-defined way forward by the key players, other than the same old loan scheme which is packed with somewhat unreasonable requirements for a fresh graduate.

Required

(a) **Read the above case of a young graduate and explain to him characteristics of a job creator and factors that may affecting his entrepreneurship**

(13 Marks)

(b) In order to create job, the first step is to have an idea. And some ideas are better than others. **You are requested to help this young graduate by list for him characteristics of good business ideas.**

(3 Marks)

(c) **Explain to young graduate any 4 different variety of sources of business ideas**

(4 Marks)

(Total: 20 Marks)

QUESTION FOUR

Some people do not have business ideas at all, others have many business ideas but they fail to translate them into business plans. Over 50% of all start-ups collapse before their first birthday. Despite this fact, many business operators do not put in place safeguards to ensure business survival. However, a big number of failing enterprises could be saved if the owners embraced prudent management practices, among others.

According to Mukasa Stanley, in-charge of the entrepreneurship program at Akilah Institute of Women in Kibagabaga, the mortality rate of start-ups is increasing because education institutions and practitioners do not provide relevant skills or support to help them manage their businesses well and ensure they grow and become sustainable. Mukasa notes that this is a big challenge that has dissatisfied chances of the start-ups to flourish and become sustainable. Uwimbabazi Peace, says that the main reason behind business failure is that most entrepreneurs focus on profit generation not business growth.

Sibomana says that there is a need for mind-set change, arguing that some people start enterprises but do not think or act like entrepreneurs. He adds that one should have a plan and set goals, indicating clearly how they will achieve those goals.

Required:

(a) If 50% of all start-ups business collapse before their first anniversary, you are requested to discuss any 6 questions (or elements) that you may ask yourself and once positive results are found, you start that business (12 Marks)

(b) Discuss McClelland motivational theory of entrepreneurship (8 Marks)

(Total: 20 Marks)

QUESTION FIVE

Students have been called upon to play an active role in formulating income-generating projects in Southern and Eastern Province if they are to break the cycle of dependence on government for employment opportunities.

Speaking at the official launch of this year's business plan competitions in the district, officials from the service under the private sector federation revealed that this year's competition comes with some changes. "Initially, 100 projects will be selected to enter the competition. These will be assessed after which 50 best projects will receive funding," said Lukas Murenzi, the director of Business Development Services (BDS) in the province.

A team from the bank will monitor and evaluate different projects in partnership with BDS.

Bigirabagabo called upon students to put their ideas on paper as the problem of collateral security has been solved. According to Bigirabagabo, students have always complained of the lack of collateral security to access bank loans. He conforms that this now is an opportunity not only to get money with no collateral security but also pay at a low interest rate. All they need is to put their thoughts on paper and then compete.

The Business Plan Competition is an initiative of the Private Sector Federation in collaboration with the Government of Rwanda and the World Bank through the Competitiveness and entrepreneurship Development Program.

Required:

(a) After reading this case of business plan competitions, discuss the way the following components of business plan to be submitted are written.

- i) Company team** (2.5 Marks)
- ii) Competitor analysis** (1.5 Marks)
- iii) Industry analysis** (2.5 Marks)
- iv) Business strategy** (1.5 Marks)
- v) Operations plan** (3 Marks)
- vi) Marketing plan** (3 Marks)
- vii) Financial plan** (2 Marks)

(b) Identifying circumstances under which your proposed business plan can be updated (4 Marks)
(Total: 20 Marks)

QUESTION SIX

Kamonyo is a 27-year-old who is a foodservice manager at a casual dining restaurant. Kamonyo is responsible for supervising and managing all employees in the back of the house. Employees working in the back of the house range in age from 16 years old to 55 years old. In addition, the employees come from diverse cultural, ethnic and education backgrounds. For many employees, Kinyarwanda is not their primary language.

Kamonyo is safe certified and tries his best to keep up with food safety issues in the kitchen but he admits it's not easy. Employees receive "on the job training. But with high turnover of employees, training is often rushed and some new employees are put right into the job without training if it is a busy day. Eventually, most employees get some kind of food safety training. The owners of the restaurant are supportive to Kamonyo in his food safety efforts because they know if a food safety is not well kept, their business will not succeed. Still, the owners note there are additional costs for training and making sure food is handled safely.

One day Kamonyo came to work upset because things were not going well at home. and he searched in the dirty laundry and find a relatively clean outfit to wear for work. When he walks into the kitchen, he notices several trays of uncooked meat kept out of the refrigerator in the kitchen area. Kamonyo is frustrated and doesn't know what to do. He feels like he is beating his head against a brick wall when it comes to getting employees to practice food safety. Kamonyo has taken many efforts to get employees to be safe in how they handle food. He has huge signs posted all over the kitchen with these words: "KEEP HOT FOOD HOT AND COLD FOOD COLD and WASH YOUR HANDS ALWAYS AND OFTEN". All employees are

given a thermometer when they start so that they can temp food. Hand sinks, soap, and paper towels are available for employees so that they are encouraged to wash their hands frequently. But still despite all what Kamonyo does in ensuring safety in the restaurant, food is not safe due to misunderstanding between Kamonyo and employees.

Required:

(a) This case shows that there is misunderstanding between Kamonyo and employees.

You are requested to explain any 8 communication barriers that exist in this case

(8 Marks)

(b) Discuss Active listening skills and its pitfalls/drawbacks

(12 Marks)

(Total: 20 Marks)

QUESTION SEVEN

RWANDA Agriculture Finance Year Book 2018 produced by Institute of Policy Analysis and Research (IPAR-Rwanda) in partnership with Access to Finance Rwanda (AFR), in training workshop took place in Musanze district, the issue of lack of inadequate availability of financial products was highlighted as one among main challenges that limit agricultural financing in Rwanda.

The Executive Director of IPAR-Rwanda, Eugenia Kapitsa said that agriculture is a major source of income for the majority of rural families. However, it faces many challenges and access to adequate and affordable financial services remains its biggest challenge. Kapitsa confirms again that lack of data on farmers, leads to high perceptions of risk in the agriculture sector, which exacerbate the finance challenge in the sector. The perception needs to be clarified by providing timely data to financing institutions and building the capacity of lenders to align financing products to the agricultural cycles and the unique nature of agriculture.

Required:

(a) This case indicates inadequate availability of financial products in agricultural sector in Rwanda. You are requested to explain to the farmers any 6 sources of finance, their corresponding benefits and challenges.

(9 Marks)

(b) Write orderly the first 5 sections of a short report of any training workshop of your choice

(11 Marks)

(Total: 20 Marks)

End of Question paper.

BLANK PAGE